

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2042 - HB 2078

February 28, 2022

SUMMARY OF BILL AS AMENDED (014362): Prohibits any employer from paying any employee no less than the federal minimum wages, regardless of the federally-authorized subminimum wage.

Defines “employer” as an individual, partnership, association, corporation, business trust, legal representative, or any organized group of persons, not involved in interstate commerce, acting directly or indirectly in the interest of an employer in relation to an employee.

FISCAL IMPACT OF BILL AS AMENDED:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- The State of Tennessee has no set minimum wage.
- Based on information provided by the Department of Human Resources, this legislation will have no impact on state government as the State of Tennessee currently pays employees no less than the federal minimum wage, as set by the Fair Labor and Standards Act (FLSA), currently set at \$7.25.
- Local government must also pay its employees \$7.25 per hour.
- This legislation is estimated to have no significant impact on state or local government.

IMPACT TO COMMERCE OF BILL AS AMENDED:

Increase Business Expenditures – Exceeds \$5,000/FY22-23 and Subsequent Years

Assumptions for the bill as amended:

- The State of Tennessee has no set minimum wage.
- Based on information from the U.S. Department of Labor, as of October 1, 2021, there are two entities statewide which have been issued certificates to pay employees at subminimum hourly wage.
- Furthermore, three additional non-profit entities have pending certificate requests, which would allow for employment of individuals at subminimum wages.

- The exact wage earned by such current and future employees and the number of hours worked by such employees per annum is unknown.
- It is reasonably assumed that this legislation will result in a recurring increase in expenditures to these businesses, estimated to exceed \$5,000, beginning in FY22-23.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jb